

SPEECH TO THE AUSTRALIA-UK CHAMBER OF COMMERCE

THE HON. SCOTT MORRISON MP

PRIME MINISTER OF AUSTRALIA

LONDON

4 JUNE 2019

INTRODUCTION

Thank you for your warm welcome.

Free peoples, quietly going about their lives, going to work, running their businesses, raising their children, saving for their future, seeking to realise their aspirations, while always respecting the peace and freedom of others. That's what our nations are about. At our recent election, I called them the quiet Australians.

But even more, we are free peoples in two nations bound together by special bonds of history.

Australia's political inheritance – parliamentary democracy, the rule of law, the separation of powers, the equality of all citizens, the freedom to believe, to speak and to worship as we see fit – these precious gifts all have their roots in this green and pleasant land.

The bonds of history also help explain why I am here this week – as I prepare to join other world leaders tomorrow to mark the 75th anniversary of D-Day – the Allied operation that began the liberation of Western Europe from Nazi tyranny.

At those beaches now etched in time - - Utah, Omaha, Juno, Gold and Sword - tens of thousands young men faced enemy fire and their own fear for the higher cause of freedom.

Allied casualties on 6 June alone are estimated at 10,000 killed, wounded or missing in action. This includes 6,603 Americans, 2,700 British and 943 Canadian cousins.

Terrible as that day was, it was just the beginning. Between D-Day and 21 August, the Allies landed more than two million men in Northern France and suffered 226,386 casualties, with nearly 73,000 killed or missing in action.

It is an an honour to represent Australia as we honour all those who stormed the beaches and landed in Normandy on the 6th of June 1944.

At that time, our country's major military focus was on fighting for freedom in the Pacific.

Yet Aussies were here too – some 3,000 Australians were part of the D-Day invasion force.

Around 500 were serving on Royal Navy warships and about a dozen were attached to the British Army.

More than 2,000 airmen served in the Royal Air Force and the Royal Australian Air Force during the campaign.

We lost 14 brave men – 12 airmen and two sailors – on D-Day.

Men who had wives, children, mothers, fathers and siblings.

Hundreds more Australians lost their lives in operations directly related to the invasion of France in the period leading up to D-Day and in the days that followed.

I'll be remembering their sacrifice tomorrow at Portsmouth, one of the major embarkation points for the assault.

Just as we have an obligation to remember the past, we have a duty to build a better future for our peoples.

That's also why I'm here this week.

To discuss with leaders the many challenges we face in a new age of anxiety and uncertainty.

Shared challenges such as counter-terrorism, cyber security and nuclear non-proliferation.

Challenges in an interconnected world such as preventing violent extremist exploitation of the internet.

Challenges to the world trading system and the liberal order that has underpinned global commerce – and your businesses – over many decades.

SUPPORTING THE GLOBAL TRADING SYSTEM

We must do everything we can to avoid a zero-sum mindset developing, especially when it comes to global trade and commerce.

And we must guard against the lurch towards a narrow, transactional approach to international relations – where our relationships and the ambitions for the world we share, become nothing more than the sum of our deals.

Our international relations are also the product of context, our shared experiences, our people to people connections and above all, the lessons of history, something we have all gathered together to commemorate this week, and are reminded that these lessons come at a great price.

Nowhere is this more important than in supporting the key multilateral institutions that have underpinned global growth and development for the better part of 70 years.

Just as we remember D-Day 75 years ago, we should also recall the burst of institution building that began the following month with the Bretton Woods conference in New Hampshire in July 1944.

There Britain played a critical role – albeit not always in agreement with the United States – in helping forge the nascent architecture of the post-war liberal economic order.

These institutions - the World Bank, the IMF and the original General Agreement on Tariffs and Trade (GATT) - combined together to build a post war prosperity unprecedented in human history,

They culminated in many ways with the birth of the World Trade Organisation almost 25 years ago, at the end of the Uruguay Round of trade negotiations.

Yet today, the global trading system is under real and sustained pressure. Trade conflict between the US and China is testing the system as never before, and is putting the prosperity and living standards of billions of people at risk.

No-one suggests the framework of rules in the WTO is perfect – far from it.

As Singapore's Prime Minister Lee Hsien Loong said last Friday at the Shangri-la Dialogue, the WTO was designed for an agricultural and manufacturing-based world economy, but the world has moved on to services and now increasingly digital and intellectual property, which need much more complicated rules.

Yet as Prime Minister Lee also said – and I fully concur – 'We need to reform and strengthen multilateral institutions, not cripple or block them'.

Reform efforts are gathering momentum, particularly after G20 Leaders sent a strong message of support for WTO reform in Buenos Aires last year.

WTO members now need to agree on concrete reforms to demonstrate progress.

Australia is at the forefront of reform efforts, updating the WTO rulebook is a priority - we are developing new rules on e-commerce, to cut red tape on services, and pushing for an outcome on fisheries subsidies.

Our key concern is saving the dispute settlement system that provides the accountability the system needs to function.

The WTO remains the best foundation we have for securing continued prosperity in a fast-changing world; as the Brexit debate in this country demonstrates only too well.

So we must remain committed to this task - to allow commercial society to flourish – to allow the people in this room – the entrepreneurs, the employers, the risk takers – to make the investment decisions so vital to future prosperity.

It is critical, therefore, that like-minded countries, including Australia and the United Kingdom, lend their support to WTO reform – to mend, not end, the rules-based trading system.

International rules are also important to ensure the digital economy and the IT platforms we have established remain our servant and not our master, nor become weaponised in the hands of terrorists and criminals.

This is another key area where countries can work together - in fact, need to work together - to ensure we modernise and harmonise our laws and regulations so that the on-line and digital world - the new economy - meets the same standards that we expect of behaviour in the physical world.

An urgent focus here is keeping violent extremist and terrorist content off the internet, following the horrific terrorist attacks in Christchurch, and those it inspired.

There are things countries can do. Australia has already passed legislation to deal with abhorrent online material. But there is more that can only be done through international cooperation, including with industry. The Christchurch Call set the standard, but we need more countries to participate and more action by industry.

The global community needs to make it clear to business that it is their responsibility to take down the content and, preferably, prevent it going up in the first place. The platforms are not just 'posties' - they are responsible for what they deliver. There are practical reforms industry can do and standards by which the global community can hold them to account.

This is why I am pushing this at the G20 and appreciate the support we have been receiving on this initiative, especially from Prime Minister Abe in his role as G20 President.

The G20 proved its effectiveness on cracking down on multinational tax avoidance through base erosion and profit shifting. The G20 has the right make-up, including the countries that host the platforms and those that consume its content and now has the opportunity to respond at Osaka.

THE CASE FOR AUSTRALIA

Australia's economic interest has always been tied to continuing our success as a modern trading nation.

As a country, we have never got rich selling things to ourselves. Our external focus has been key to Australia now being in our 28th year of uninterrupted economic growth.

Australia's real GDP has grown faster than any G7 economy over that period.

Real GDP per capita has risen around 60 per cent since the early 1990s. This compares with an average rise of 44 per cent in the United States, Japan, Germany, Canada and the UK.

And we've seen strong income growth across the income distribution.

Half the Australians voting at our recent election had never experienced a recession during their working life.

Trade has always been central to our plan.

One in five Australian jobs relies on trade.

The average Australian family now earns \$8,500 more a year than they would have, if we had not lowered barriers to our trade for the last three decades.

Our Government adopted trade as a core component of our economic plan from the day we were first elected back in September 2013.

Over the past five and a half years we have worked hard to further embed Australia into the major economic engines of our region through transformational trade agreements with Japan, Korea, China, and the 10 other nations of the Trans-Pacific Partnership.

Since the Coalition was first elected, the coverage of our free trade agreements has increased from around 26 per cent of our total two-way trade to over 70 per cent.

New export deals have given Australian exporters improved access to an extra 1.75 billion consumers in the world's largest, fastest growing economies.

Our most recent major agreement was signed with Indonesia earlier this year.

But there is more to do.

An uncertain global economic outlook means Australia's economic fortunes will depend even more on the quality of our economic management.

This was a key issue at our recent election.

The result of that election means our government will now continue with our ambitious, pro-growth approach, supporting individuals, families and businesses looking to get ahead and prosper.

Our plan is simple and straightforward.

- Keep our budget strong
- Lower taxes
- Back small and family businesses
- Ensure reliable, sustainable and affordable energy
- Build the infrastructure Australia needs
- Drive all our industries forward, not just the new ones
- Ensure all generations have the work skills they need
- Encourage and protect workplaces so employers and employees can work and earn more together

- Keep big business accountable, and
- Secure even more overseas markets for our exporters.

And we implement that plan working from a strong base of achievement.

In Australia, we have just handed down the first Budget surplus in 12 years. We have also retained and affirmed our AAA credit rating from all major agencies, one of only ten countries in the world to do so.

Having stabilised our net debt, peaking at just 19 per cent of GDP in 2018-19, we will eliminate our net debt within the decade.

More than 1.3 million new jobs have been created since September 2013, especially for younger Australians and women.

Female workforce participation is at record levels, the gender pay gap is at record lows as is working age welfare dependence.

There are more Australians in work than ever before – with jobs growth outstripping all of the G7.

230,000 new small and family businesses have been created.

We are making record investments in health, education and infrastructure, in renewable energy, airports, airport rail links, fast rail to name a few areas, so Australians have the essential services they rely on.

And we're doing all this without raising taxes.

Indeed, when parliament returns in July our first item of business is to legislate the full tax plan we took to the last election, a plan that cuts taxes for all working Australians and backs in their aspiration.

Our economic plan will see 1.25 million more Australians get a job over the next five years. One in five of these jobs will be for young Australians.

It will see another 250,000 small and family businesses open their doors during the next five years.

It will give an additional 80,000 Australians a career by gaining an apprenticeship.

It will see 10,000 more Australian companies export beyond our shores by 2022 supported by export deals, that by then will cover around 90 per cent of our trade.

AUSTRALIA-UK ECONOMIC RELATIONSHIP

Finally, let me say a few words about our bilateral economic relationship.

The UK is our 8th largest bilateral trading partner with two-way trade approaching \$30 billion. And our third largest services trading partner.

The UK is also our second largest source of overall foreign investment – estimated at \$575 billion at the end of 2018.

British businesses invest in Australia because they know it's a stable, growing, well-regulated economy with plenty of opportunity still to come.

Australia is a great place to do business.

The Scottish craft beer company 'Brewdog' knows this.

Opening a brewery in Queensland sounds a bit like taking coal to Newcastle.

But Brewdog is doing just that – translating the success it's had with breweries and bars here in the UK, across Europe and in the US by having a go in Australia.

They're almost ready to open a new 50 hectolitre – that's 5,000 litres – brewery, canning facility, taproom and restaurant on a greenfields site on the Brisbane river.

It's a \$30 million investment that will create more than 150 jobs in the first few years and around 100 more in the long term.

It's a big vote of confidence in doing business in Australia.

And perhaps a fair exchange for the amount of wine Australia exports to the UK every year – as our biggest international wine market.

Our defence industry relationship is another area of growing opportunity for both countries.

We're investing in shared platforms and capabilities, which means we can work together seamlessly on global security challenges.

We decided a year ago to partner with BAE Systems to build nine Hunter-class frigates for our Navy.

They'll be built in South Australia using great British design and know how – with Australian skills and Australian steel.

Let me also stress that the approach of Brexit hasn't taken the shine off Australia's confidence in the UK.

The UK remains our second largest foreign investment destination.

And we believe starting FTA negotiations post-Brexit would be an important next step in the relationship. We already have a working group in place looking at the parameters of a free trade negotiation once Brexit happens.

We want to launch negotiations on an FTA with the UK as soon as possible post-Brexit, recognising that the shape and nature of Brexit will affect the timing and nature of future negotiations.

But whatever transpires, Australia will be an active partner, loyal friend and determined advocate of a post-Brexit Britain.

We share the ambition of the UK Government to build a stronger global partnership – in trade and investment, in protecting our security interests, and in supporting global rules and institutions that create the foundations for stability and, thus, for your businesses to thrive.

Our remembrance for those who sacrificed all for the cause of our peace and freedom seventy five years ago is best cherished by ensuring we continue to enable the honest aspirations of our peoples to be realised today - their prosperity, their safety, their happy and quiet enjoyment of life.